

# Plan, Procure, Protect – *The Three P's of a Successful Procurement*



# Procurement Planning

- \* Decide What to Procure. ...
- \* Choose Your team members....
- \* Choose Your Vendors to solicit. ...
- \* Assign Roles and Responsibilities. ...
- \* Determine appropriate method of procurement. ...
- \* Lay Out Contract Requirements. ...
- \* FINISH STRONG!

# Focus

An effective plan saves **time** and **money**. An effective plan serves as a conduit to achieving the entity's objectives. An effective plan ensures compliance with regulatory requirements and the entity's policies and procedures. An effective plan provides a framework to guide the end user and the procurement professional in the achievement of their tasks and duties.

# PROCUREMENT'S ROLE IN THE PLANNING PROCESS

**Procurement planning is the process of deciding what to buy, when and from what source. During the procurement planning process the procurement method is assigned and the expectations for fulfillment of procurement requirements determined.**

- \* Lower costs. This is by far the primary function of the procurement department. ...
- \* Reduce risk and ensure the security of supply. ...
- \* Manage relationships. ...
- \* Improve quality. ...
- \* Pursue innovation. ...
- \* Leverage technology.

# WHY PLAN?

## **Procurement Planning is important because:**

- It helps to decide what to buy, when and from what sources.
- It allows the team to determine if expectations are realistic; particularly the expectations of the requesting end users, who usually expect their requirements met on short notice and over a shorter period than the application of the corresponding procurement method allows.

## **Procurement Planning is important because:**

- It is an opportunity for all stakeholders involved in the processes to meet in order to discuss particular procurement requirements. These stakeholders could be the requesting entity, end users, procurement department, technical experts, and even vendors to give relevant input on specific requirements.
- It permits the creation of a procurement strategy for procuring each requirement that will be included in the procurement plan. Such strategy could include a market survey and determining the applicable procurement method given the requirement and the circumstances.



## **Procurement Planning is important because:**

- \* Planners can estimate the time required to complete the procurement process and award a contract for each requirement. This is valuable information as it serves to confirm if the requirement can be fulfilled within the period expected, or required, by the requesting entity.
- \* The need for technical expertise to develop technical specifications and/or scope of work for certain requirements can be assessed, especially where in-house technical expertise is not available or is non-existent.

## Procurement Planning is important because:

- \* Planners can assess feasibility of combining or dividing procurement requirements into different contract packages.

***Procurement planning enhances the transparency and predictability of the procurement process.***

***Let's get started – Time to procure!***



# PROCUREMENT AUTHORITY

The Procurement Department receives authority from regulations set forth in the *City/County/Entity Code*. In accordance with the *Code* and the Virginia Public Procurement Act, the Procurement Department will seek competition to the maximum feasible degree for all goods and services procured for using departments/schools except where specifically delegated.

# VIRGINIA PUBLIC PROCUREMENT ACT

## \* **VPPA**

- The Virginia Public Procurement Act (VPPA) provides rules and guidance for procurement by government entities within the Commonwealth of Virginia.
- \* Defines “official responsibility”
- \* Governs methods for spending public funds

# Procurement Methods, Procedures and Cycle

- \* Small Purchases
- \* Competitive Sealed Bidding
- \* Competitive Negotiation
- \* Sole Source
- \* Emergency

# SMALL PURCHASES

Purchases of goods and services where the one-time or cumulative annual amount is less than \$100,000

- Insurance Requirements
- Contractor's License
- Any Diversity Initiatives
- Order Splitting

## Tips for Securing Price Quotes

- Provide vendors with the following information and inform them that you are seeking competitive prices:
  - Complete description/specifications/insurance requirements
  - Accurate quantities
  - Date required for delivery (if applicable)
  - Delivery information (special or inside delivery/installation)
  - FOB Destination (vendor responsible for damages until received and accepted by the County)
- Request that the vendor provide:
  - Freight costs (fixed or not-to-exceed)
  - For construction/repairs exceeding \$1,000, their contractor's license number (to verify a valid license), and proof of insurance
  - Payment terms – Net 30
  - Estimated delivery date after receipt of order
  - Vendor contact information
- Set deadline for receipt of quotes:
  - Use fax or email for sending and receiving quotes
  - Attach documentation to PR, including “no responses”

## DON'T:

- ✘ Disclose names of vendors you are contacting, or their pricing, until after PO is awarded.
- ✘ Disclose to vendors how their pricing compares to others.
- ✘ Sign anything other than a delivery ticket.
- ✘ Accept anything of value from vendors (gifts, trips, lunches, etc.).

# COMPETITIVE SEALED BIDDING

Used for the procurement of goods or non-professional services where the estimated sum of an individual purchase or the estimated aggregate or sum of all phases reaches or exceeds \$100,000.

# COMPETITIVE SEALED BIDDING (IFB)

- Written solicitation is required, issued by Procurement Department only; referred to as an Invitation for Bid (IFB).
- Using Department provides detailed specifications or scope of work. Specifications are reviewed and refined by the Procurement Department.
- Contains applicable terms and conditions.
- Insurance is required as determined by Risk Management.
- Licensing or certifications as required by law (i.e. contractors, security, etc.).
- Requires 10 day public notice prior to opening date of bid.



# COMPETITIVE SEALED BIDDING (IFB)

- \* Pre-bid conference may be necessary.
- \* Bids received in the Purchasing Department only.
- \* Bids evaluated based on all published requirements.
- \* Award to lowest responsive and responsible bidder meeting published requirements.

# COMPETITIVE NEGOTIATION

**Used for the procurement of professional services and selected goods and non-professional services where the estimated sum of an individual purchase or the estimated aggregate or sum of all phases reaches or exceeds \$100,000.**

# COMPETITIVE NEGOTIATION (RFP)

***Two processes for competitive negotiation:***

## **Professional Services**

The competitive negotiation process **must** be used to procure professional services.

Professional Services as defined by the Virginia Public Procurement Act (VPPA) are as follows:

Accounting

Actuarial Services

Architecture

Dentistry

Land Surveying

Landscape Architecture

Law

Medicine

Optometry

Pharmacy

Professional Engineering

## **Selected Goods and Non-Professional Services**

The competitive negotiation process may be used to procure selected goods non-professional services. Non- professional services are defined as any services not identified above as a professional service.

# COMPETITIVE NEGOTIATION (RFP)

- Written Request for Proposals (RFP) issued by the Purchasing Department only. The RFP indicates, in general terms, that which is sought to be procured, specifying factors that will be used in evaluating the proposal and any unique capabilities or qualifications that will be required of the contractor. Requires negotiation.
- Using department/school provides a general description of goods or scope of services.
- Contains applicable terms and conditions.
- Requires 10 day public notice prior to the date set for receipt of proposals **and** advertisement in a newspaper of general circulation in the area in which the contract is to be performed.

# COMPETITIVE NEGOTIATION (RFP)

- \* Pre-proposal conference may be required.
- \* Proposals received in the Purchasing Department only.
- \* Evaluation committee established to review and evaluate responses.
- \* Responses evaluated based on published criteria in the RFP.
- \* Negotiations conducted with short listed offerors.
- \* Award to the offeror, who in the evaluation committee's opinion, has made the best proposal.

# SOLE SOURCE

**Used for purchases of goods/services where only one source is practicably available for the goods or services required. Competition is not available in a sole source situation.**

- Written justification provided by departments/schools and approval by Procurement Department is required as well as any additional approval requirements set forth by your agency guidelines.
- Must be publicly posted for ten days.
- Estimated lead time varies depending on research required to confirm sole source status and contract negotiation.

# EMERGENCY

**For purchases of goods/services where there is an actual or potential disruption related to an essential service or other circumstances when supplies or services are needed for immediate use. There are two categories of emergencies:**

- \* emergencies that are so significant as to cause an immediate threat to life, health, or property
- \* other emergencies, called operational emergencies, effect services but do not threaten life, health, or property

# Objectives of Contract Administration

- \* Satisfy the entity's requirements
- \* Ensure on-time delivery
- \* Protect the entity's financial interest



# Characteristics of a Good Contract Administrator

- \* **KEEP PROCUREMENT IN THE LOOP**
- \* Impartial and objective
- \* Know the contract inside and out inclusive of responsibilities, deliverables, milestones, payment schedules
- \* Gives clear and convincing direction
- \* Shows respect and builds trust in the relationship
- \* Timely decisions

# Characteristics of a Good Contract Administrator

- \* Effectively communicates orally and in writing
- \* Analytical v. Emotional
- \* Minimizes changes/modifications
- \* Proactive communicator – keeps lines of communication open throughout contract completion
- \* Document, document, document

# Communication

- \* **Ongoing Communication is imperative for success.**  
*Emails, Meetings, Written correspondence, Telephone*  
All communication should be concise, without tone, and accurate. The contract administrator is the voice most heard by the contractor/consultant.

All communication should be professional, positive and neutral.

**AVOID YOU!**

# Contractor Types

- \* There are three types of contractors typically managed by the contract administrator, each requiring a differing level of management.

- \* NEW

- \* INCUMBENT

- \* OUTSOURCED

# VENDOR COMPLIANCE

- \* DOCUMENT PERFORMANCE
- \* Get procurement involved as soon as a problem occurs
- \* Ensure timely inspections/check ins
- \* **It is often that a contractor is not even aware of a perceived issue because it has clearly not been brought to their attention. Your procurement professional uses methods to assure that a contractor is aware of non-compliance and your contractual terms should clearly state the method by which a contractor will be notified of deficiencies or be found in default.**

# Compliance/Performance

- \* Provide clear and concise direction to the contractor when delays/deficiencies occur using facts supported by the SOW/Contract.
- \* Allow ample time for contractors to respond and resolve issues. Getting rid of a “perceived” troublesome contractor may be more costly to all parties, rather than attempting to provide direction to get the project back on track. **AVOID OPINIONS – STICK TO THE FACTS!**
- \* Assure the contract has requirements in place to protect the entity – Performance Bonds, Liquidated Damages

# MAKE IT WORTH THE TIME YOU SPENT PUTTING IT ALL TOGETHER

- \* The best investment you can make in your contract is assuring that all parties are clear on the content! You have spent many hours soliciting the goods/services so don't let a failure to communicate the content, expectations, deliverables and outcome to both the administrator and contactor be your downfall.



# AUDIT AND COMPLIANCE

**Periodic internal audit of the procurement process examines receipts, transactions and internal controls.**




- \* Check for approvals – who is authorized to make purchases?
- \* Checklist to determine method of procurement, vendor selection, references, quality, price and assessing delivery capability/schedule. Process should include assuring only approved vendors are being used.
- \* At the end user level is where contract administration resides unless the purchasing department has positions that are considered “contract administrators”. Most state procurement departments do not have CA’s funded by their department and contracts are assigned to the appropriate contract administrator in the using department.



# Tips for Successful Contract Administration

- \* Develop and implement a project management process to ensure delivery and flawless execution
- \* Comply with contract terms and conditions
- \* Maintain effective communications
- \* Manage contract changes with a proactive change management process
- \* Resolve disputes promptly

# Tips Continued

- \* Use negotiation or arbitration, NOT LITIGATION, to resolve disputes
- \* Conduct kick-off or pre-performance meetings
- \* Measure  Monitor  and track performance 
- \* Manage the invoice and payment process
- \* Report on progress internally and externally

# Tips Continued

- \* Follow up on corrective actions
- \* Determine who can negotiate contract changes
- \* Provide copies of contracts to all parties (contractor, contract administrator, using department, risk management, accounting, consultant)
- \* Understand the effects of change on cost, schedule and quality

# Tips Continued

- \* DOCUMENT ALL COMMUNICATION
- \* Prepare internal and external meeting minutes with confirmation of receipt and understanding
- \* Prepare contract closeout
- \* Ensure completion of work
- \* Document lessons learned and share with your team
  - \* **DOCUMENT, DOCUMENT, DOCUMENT!**



- \* Einstein is reported to have said: “Insanity is doing the same thing over and over and expecting different results.” People ignore lessons learned because their project may be slightly different, but projects are very similar in many aspects.

READY – SET - GO





# PLAN, PROCURE, PROTECT

QUESTIONS  
COMMENTS  
DISCUSSION

